

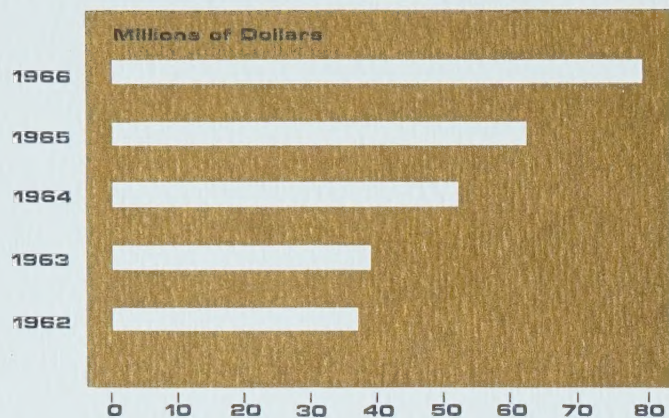
AR36



GIDDINGS & LEWIS MACHINE TOOL COMPANY
ANNUAL
REPORT

1966

SALES



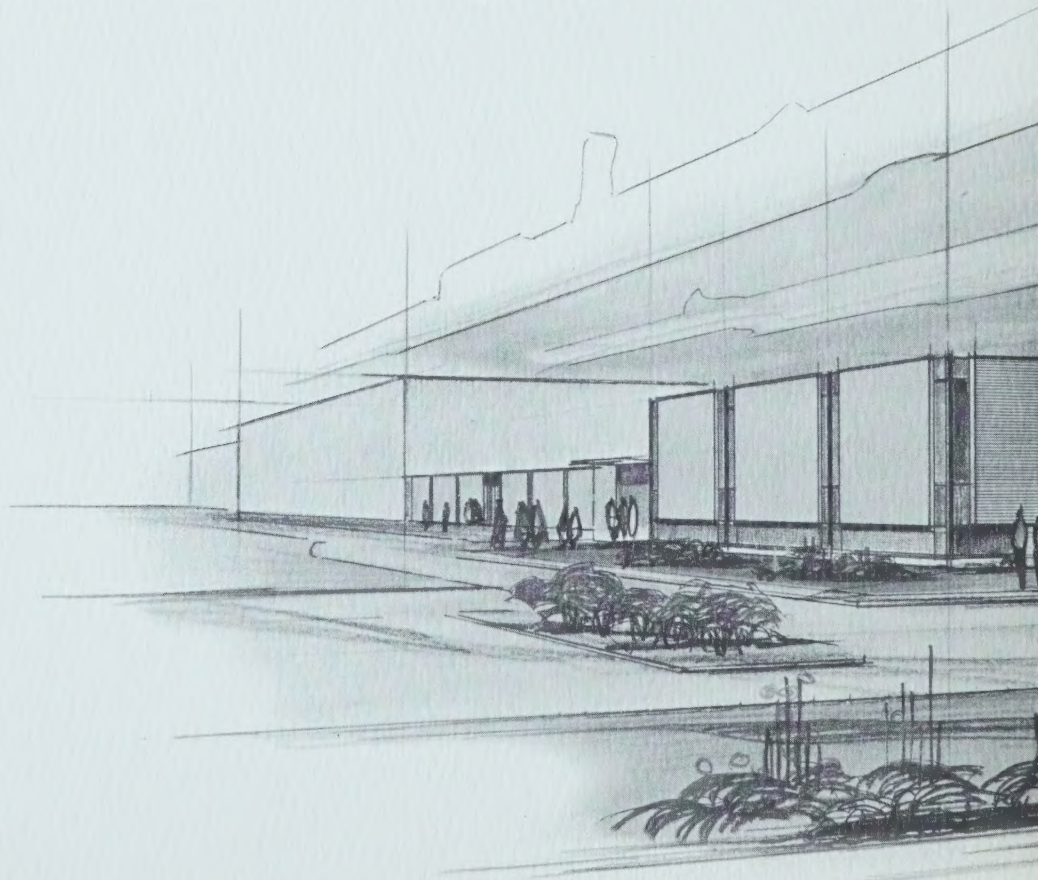
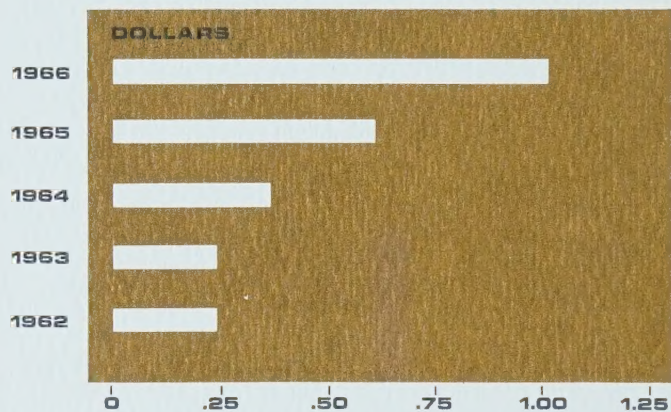
EARNINGS PER SHARE



EQUITY PER SHARE



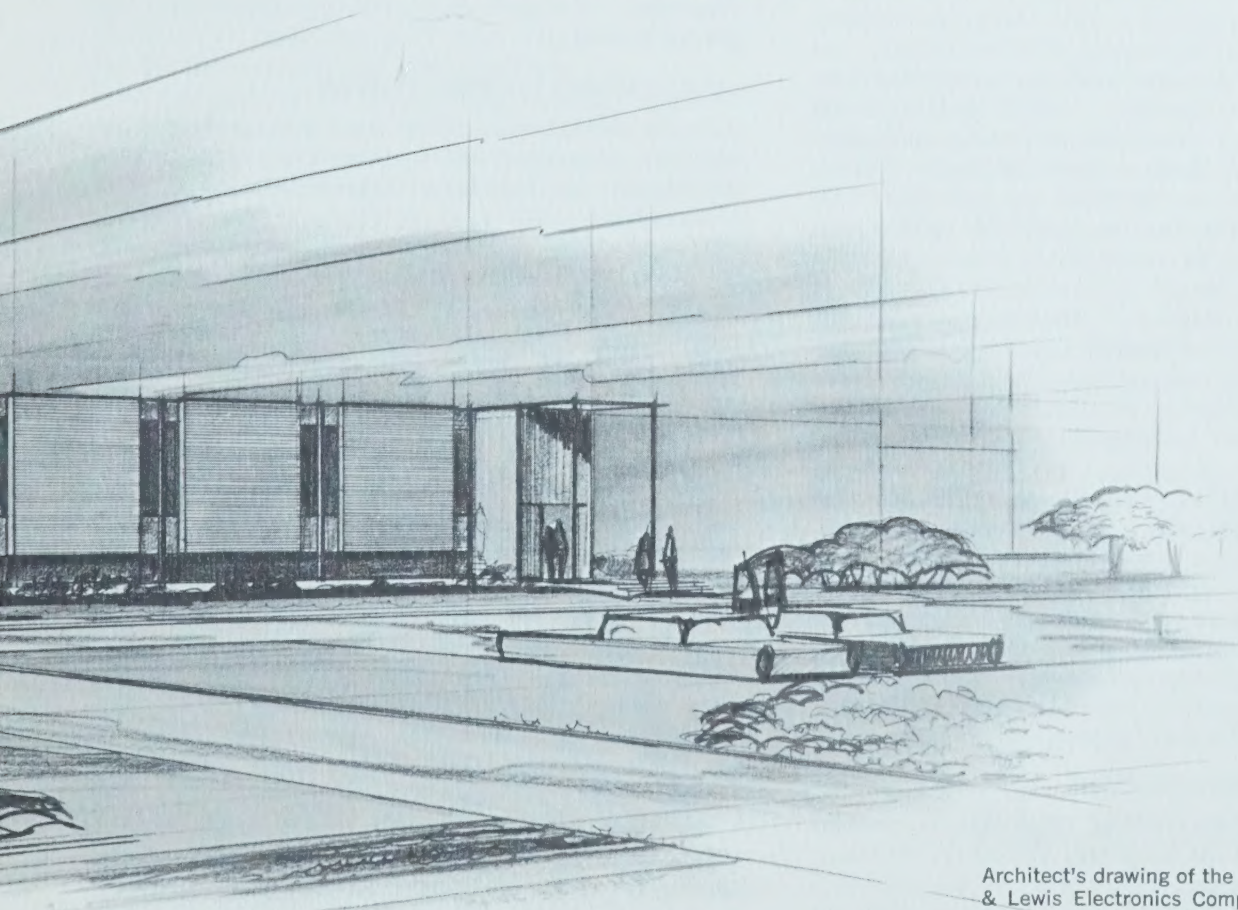
DIVIDENDS PER SHARE



SWISS & SONS

FINANCIAL HIGHLIGHTS

	1966	1965
Net sales	\$79,416,751	\$62,427,956
Net income	4,802,937	2,882,600
Net income per share of common stock	3.82	2.42
Total dividends paid	1,085,867	448,720
Cash dividends paid per share of common stock	1.02	.60
Book value per share of common stock	25.72	23.35
Expenditures for new and improved facilities	5,030,046	3,254,319
Depreciation	1,823,090	1,543,274
Working capital at year end	25,479,508	25,400,935
Long term debt at year end		
Mortgage notes	5,550,000	6,400,000
Debentures	3,944,000	4,000,000
Wages, salaries and employee benefits	\$36,536,205	29,765,458
Number of U.S. employees at year end	4,198	3,658



Architect's drawing of the new Giddings & Lewis Electronics Company building in Fond du Lac, Wisconsin.



TO OUR SHAREHOLDERS:

The year 1966 was not only a "record breaker" for Giddings & Lewis but was also one of the most eventful in our history. Sales and earnings were at all-time highs; new orders and backlog reached record levels; we became one of the largest machine tool manufacturers in the world as the result of an important domestic merger as well as further European tie-ups; and we initiated important steps to increase our capital for further growth.

OPERATIONS

Consolidated net sales for 1966 were \$79,417,000, an increase of 27% over the \$62,428,000 of the comparable period a year earlier. Net income after taxes amounted to \$4,803,000, up 67% from the \$2,883,000 in 1965. Earnings per share rose to \$3.82 from \$2.42.

This earnings record has been reflected in increased dividend payments to stockholders, which in 1966 totaled \$1.02 per share. This is the fifth increase in the past six years. Total cash dividend payments for 1966 were \$1,086,000 compared with \$449,000 the previous year. At year-end, our shareholders' equity in the business amounted to \$32,729,000, or \$25.72 per share, up 15% from \$28,456,000, or \$23.35 per share in 1965.

Our order backlog at year-end was \$89,271,000, and we are confident that this market strength will continue well into the next 12-month period. The demand for numerically controlled machinery continues to increase, propelled by labor shortages and the necessity for all industries to modernize their machine tool installations. Our decision to devote considerable research and engineering to numerical control development a decade ago is now "paying off."

GISHOLT MERGER

The highlight of our 1966 activities was our merger with Gisholt Corp. of Madison, Wisconsin, in June. This important joining together of two of the Midwest's oldest machine tool builders will effectively allow the

integration of the extensive capabilities of Giddings & Lewis and Gisholt. Consolidation of administration, marketing, research and development efforts and essential reuse of engineering are among the many benefits which will result from the merger. This move has assured our company of its place among the leaders in our industry.

Gisholt's product lines are not competitive with any produced by Giddings & Lewis and are among the finest in the world—backed by 80 years of knowledge and skill in designing and building close-tolerance metal-working equipment. Gisholt produces turret lathes in both ram and saddle types, and single spindle automatic lathes used in the volume production of automotive, aircraft, electric, ordnance and industrial components. Gisholt is also the foremost manufacturer of static and dynamic balancing machines and produces a full line of superfinishing machines.

The Gilman Engineering & Mfg. Co. of Janesville, Wisconsin, since 1963 a division of Gisholt, is recognized as one of the country's most successful designers and builders of highly specialized automatic assembly equipment. Each of these machines handles many hundreds of parts per hour in high-volume, repetitive production processes of a highly varied character. Heavy users of Gilman machines are the automotive, appliance, electrical and electronics industries.

Goldberg-Emmerman Corp., Chicago, Illinois, since 1965 a subsidiary of Gisholt, is the successor corporation to one of the country's oldest and most reputable firms dealing in the purchase and sale of used machinery and its reconditioning. We believe this further acquisition enhances our marketing capabilities and diversification.

OVERSEAS OPERATIONS

In the international field our company has taken steps to assure that our penetration will continue, particularly in the burgeoning European machine tool markets.

During 1966, we entered into agreements with Schiess Aktiengesellschaft, Duesseldorf, Germany, one of Germany's oldest and most outstanding manufacturers of heavy machine tools. Schiess and Giddings & Lewis purchased Nassovia Werkzeugmaschinenfabrik GmbH, Langen, Germany, from Giddings & Lewis-Fraser, Ltd., Arbroath, Scotland. Simultaneously, Giddings & Lewis granted to Nassovia a license to manufacture our numerically controlled vertical spindle drilling machines, including automatic tool changing, and to manufacture our line of numerical controls for these machines and for horizontal boring, drilling and milling machines. Furthermore, Giddings & Lewis granted to Schiess a license to manufacture table, floor and planer-type horizontal boring, drilling and milling machines up to 6" spindle diameter sizes.

We do not consolidate our European operations with our domestic operations. Our investment in Giddings & Lewis-Fraser (51% owned) and in Nassovia (24% owned) is carried in our balance sheet at \$2,119,000 (our cost), which represents 6.5% of our total shareholders' equity. Our share in the book equity of these companies exceeded our cost by \$1,100,000 at December 31, 1966.

Giddings & Lewis-Fraser, Ltd., profits increased substantially in 1966. Our recent increased investment in plant and equipment will contribute, we are confident, commensurate increases in future returns. During 1966, Giddings & Lewis-Fraser received the coveted "Queen's Award" for excellence in export, and the presentation was made by Lord Ogilvy in a stirring plant ceremony last September.

In addition, we have a license agreement on our Davis cutting tool products with the Brooke Tool Manufacturing Co., Ltd., Birmingham, England, from whom we have received satisfactory license fees.

ORGANIZATION

Giddings & Lewis Machine Tool Company and Gisholt Machine Company operate as autonomous divisions of the parent organization. At the time of the merger of the two companies, several changes were made among our officers and executives to assure the long range continuity of aggressive management necessary in our increasingly complex business.

Allan L. McKay, a Giddings & Lewis employee since 1937, and formerly executive vice president, was advanced to the position of president of Giddings & Lewis Machine Tool Company, and Edgar L. McFerren, who joined our company in 1936, assumed the presidency of Gisholt Machine Company. McFerren was a Giddings & Lewis vice president and managing director of Giddings & Lewis-Fraser, Ltd., Arbroath, Scotland. Both are eminently qualified for their new posts, having served in virtually all functions of our operations. In concert with these changes, I was elected chairman of the board and chief executive officer of the parent company for both divisions.

At our next annual shareholders' meeting, April 26, 1967, we are proposing to the shareholders that we change the corporate name of the company to Giddings & Lewis, Inc., in order better to describe our diversified activities, and to avoid conflicts with the names of our operating divisions.

Gisholt Machine Company has the division and subsidiary described earlier in this report, as well as a foundry division in Madison, Wisconsin. Giddings & Lewis Machine Tool Company has a major division in Kaukauna, Wisconsin, producing drilling products and machining centers and an electronics division in Fond du Lac, producing our numerical controls; the Davis Division in Fond du Lac, producing cutting tools; and foundry divisions at Kaukauna, Wisconsin, and Menominee, Michigan.

BOARD OF DIRECTORS

Jesse Daugherty, longtime Giddings & Lewis employee and more recently a member of the board of directors, chose not to stand for reelection to the board of directors. His counsel will be greatly missed. Mr. Daugherty served the company for 42 years and, as staff vice president for engineering, guided our entry into the numerical control field with foresight and ingenuity. Under his direction, our company gained preeminence in this complex field.

Clare R. Kubik, president of Motch & Merryweather Machinery Co., Cleveland, Ohio, was elected to the board of directors to succeed Charles B. Lansing of that company, who retired from the board. George H. Johnson and John S. Best, formerly directors of Gisholt, were also elected to the Giddings & Lewis board. Mr. Johnson was formerly chairman of the board of Gisholt, and Mr. Best is a member of the law firm of Michael, Best & Friedrich of Milwaukee, Wis.

PLANT FACILITIES

For 1966 and 1967 we have undertaken an \$11,500,000 plant expansion program aimed at preserving our position as one of the most modern machine tool manufacturing installations in the world and to provide additional production space to meet the heavy demand for our equipment. The two-year program provides for expansion of plants and offices in Fond du Lac and new factory buildings at Kaukauna, Wisconsin, and Madison, Wisconsin, with machine tools and other manufacturing equipment taking the greater share of the capital outlay. Much of the new building is completed and is now in use.

LOOKING AHEAD

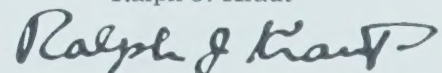
The year 1966 was an excellent one for Giddings & Lewis, but its ultimate significance will lie not so much in the records achieved as in the solid foundations laid to ensure corporate growth and strength during the ensuing years. The world need for the products and services of our industry are limitless. The total global inventory of machine tools is woefully over-age and the facilities for replacement and innovation are grossly inadequate. Our company stands in an excellent position with its productive capacity, technology and skill to maintain its marketing initiative well into the foreseeable future.

Early in 1967 the company sold an additional 200,000 shares of common stock to the public at a price of \$30.00 per share. After selling discounts and other costs, the company netted \$5,600,000 on this transaction, which was added to our working capital. In addition to the sale of shares by the company, certain former shareholders of Gisholt sold 100,100 shares as a part of this transaction. It was certainly gratifying and a compliment to Giddings & Lewis that this sale was almost immediately oversubscribed and certainly one of considerable success.

In summarizing our activities for this year, we wish to acknowledge the dedication and loyalty of the 4,200 men and women who are Giddings & Lewis, and whose efforts and skills contribute so much to our leadership in the machine tool industry. We also wish to recognize the continued support of our stockholders and debenture holders whose confidence has allowed us to pursue our growth objectives and expand our opportunities.

Sincerely,

Ralph J. Kraut



Chairman of the Board and
Chief Executive Officer

GIDDINGS & LEWIS MACHINE TOOL COMPANY

BALANCE SHEET

December 31, 1966 and 1965

	1966	1965 (Note 1)
ASSETS		
Current Assets:		
Cash	\$ 2,266,982	\$ 1,944,545
Receivables (less allowance for doubtful accounts — \$75,000)	14,627,807	13,094,774
Inventories, at lower of cost (first-in, first-out) or market:		
Raw materials, purchased parts and supplies	7,860,341	4,719,117
Work process, less progress billings		
(1966, \$765,295; 1965, \$515,603)	23,281,870	16,842,122
	31,142,211	21,561,239
Prepaid expenses	244,602	208,287
Total current assets	48,281,602	36,808,845
Investments and other assets:		
Investments in and advances to nonconsolidated subsidiaries (Note 2) ..	2,909,918	2,729,918
Machines leased, at cost less accumulated depreciation (1966, \$273,751; 1965, \$273,358)	179,051	225,320
Other	505,722	429,700
Total investments and other assets	3,594,691	3,384,938
Property, plant and equipment, at cost (Note 3):		
Buildings	8,205,795	7,094,728
Machinery and equipment	21,720,284	18,563,528
	29,926,079	25,658,256
Less accumulated depreciation	17,224,039	16,117,953
	12,702,040	9,540,303
Land	617,472	572,422
Net property, plant and equipment	13,319,512	10,112,725
Unamortized debenture expense	189,595	202,422
	<u>\$65,385,400</u>	<u>\$50,508,930</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Notes payable — banks	\$ 8,350,000	\$ 1,800,000
Accounts payable	6,103,973	3,752,672
Income taxes	2,492,455	1,297,291
Wages, salaries and other compensation	1,751,874	1,451,577
Other liabilities	3,253,792	2,256,370
Long-term debt due within one year	850,000	850,000
Total current liabilities	22,802,094	11,407,910
Long-term debt due after one year (Note 3)	9,494,000	10,400,000
Deferred federal income taxes	360,000	245,000
Stockholders' Equity:		
Common stock, \$2 par value (Notes 3 and 4):		
Authorized — 2,000,000 shares (157,760 shares reserved for debenture conversion and 7,680 for stock options)		
Issued and outstanding — 1966, 1,272,410 shares;		
1965, 922,178 shares	2,544,820	1,844,356
Capital in excess of par value (Note 5)	11,386,505	10,586,920
Retained earnings (Note 3)	18,797,981	16,024,744
Total stockholders' equity	32,729,306	28,456,020
	<u>\$65,385,400</u>	<u>\$50,508,930</u>

See accompanying notes.

STATEMENTS OF INCOME & RETAINED EARNINGS

Years ended
December 31, 1966 and 1965

INCOME	1966	1965 (Note 1)
Net sales	\$79,416,751	\$62,427,956
Operating costs and expenses (including depreciation — 1966, \$1,823,090; 1965, \$1,573,274):		
Cost of goods sold	54,952,050	43,405,242
Selling and administrative expense	15,566,477	13,676,328
	<u>70,518,527</u>	<u>57,081,570</u>
Profit from operations	8,898,224	5,346,386
Other income (deductions):		
Profit on disposal of equipment	186,080	326,068
Interest expense	(790,892)	(554,803)
Other — net	529,525	372,949
	<u>(75,287)</u>	<u>144,214</u>
Income before income taxes	8,822,937	5,490,600
Provision for income taxes (including deferred — 1966 — \$115,000; 1965 — \$245,000)	4,020,000	2,608,000
Net income	<u>\$ 4,802,937</u>	<u>\$ 2,882,600</u>

RETAINED EARNINGS

Balance at beginning of year (1965 includes \$6,103,273 applicable to Gisholt Corp., Note 1)	\$16,024,744	\$14,373,975
Net income	4,802,937	2,882,600
	<u>20,827,681</u>	<u>17,256,575</u>
Less dividends:		
Cash — 1966, \$1.02 per share; 1965, \$.60 per share	1,085,867	448,720
Gisholt Corp. prior to merger:		
Cash	147,172	185,031
Stock	796,661	598,080
	<u>2,029,700</u>	<u>1,231,831</u>
Balance at end of year (Note 3)	<u>\$18,797,981</u>	<u>\$16,024,744</u>

See accompanying notes.

STATEMENT OF SOURCE AND APPLICATION OF WORKING CAPITAL

Year ended
December 31, 1966

SOURCE OF WORKING CAPITAL:

From operations:	
Net income	\$4,802,937
Depreciation	1,823,090
Other charges to net income not affecting working capital	<u>171,620</u>
	6,797,647
Proceeds from issue of common stock upon exercise of stock options	<u>650,231</u>
	7,447,878

APPLICATION OF WORKING CAPITAL:

Additions to property, plant and equipment	5,030,046
Reduction in long-term debt	850,000
Cash dividends paid	1,233,039
Increase in investments and other assets — net	<u>256,220</u>
	7,369,305
Increase in working capital	<u>\$ 78,573</u>

See accompanying notes.

NOTES TO FINANCIAL STATEMENTS

December 31, 1966

1. Acquisition of Gisholt Corp.

Effective June 30, 1966, the Company issued 492,085 shares of its common stock in exchange for all of the outstanding common stock of Gisholt Corp. and Gisholt was merged into the Company. The transaction has been treated for accounting purposes as a pooling of interests and, accordingly, the 1965 financial statements have been restated to include the accounts of Gisholt Corp. and to give retroactive effect to the changes in the capital stock and related accounts.

2. Investments in and advances to nonconsolidated subsidiaries

Investment in an overseas subsidiary (51% owned) is carried at cost of \$1,830,439. Dividends received and included in income amounted to \$95,460 in 1966 and \$39,674 in 1965. The Company's equity in the net assets at December 31, 1966 was \$1,080,000 in excess of the cost of the investment in the subsidiary and its equity in the 1966 earnings of the subsidiary was \$270,000.

Investment in and advance to a 51% owned domestic subsidiary is carried at cost plus equity in undistributed earnings and amounts to \$1,079,479 at December 31, 1966. The Company's equity in the earnings of this subsidiary, included in income, was \$121,000 in 1966 and \$69,500 in 1965.

3. Long-term debt and restriction on dividends and other payments

The long-term debt due after one year at December 31, 1966 is as follows:

4¾% notes payable, due \$400,000 annually	\$2,400,000
4⅝% convertible subordinated debentures due October 1, 1985	3,944,000
5½% note payable, due \$225,000 semi-annually with two final installments of \$675,000 due in 1972	3,150,000
	<u>\$9,494,000</u>

The 4¾% notes payable are secured by mortgages on real estate having a cost of approximately \$5,000,000.

The 4⅝% convertible subordinated debentures, issued in December 1965, are convertible at any time into common stock at a conversion price of \$25 per share, subject to adjustment in certain events. The debentures are redeemable after October 1, 1968 at the option of the Company initially at a redemption price of 104.625% plus accrued interest and subsequently at prices declining annually. The indenture provides for sinking fund payments of \$100,000 in each of the years 1970 through 1973 and \$300,000 in each year thereafter to and including 1985. Conversions or redemptions may be applied against sinking fund payments.

The agreements relating to the long-term debt restrict the payment of cash dividends or the purchase or redemption of common stock. The amount of retained earnings not so restricted was \$2,532,000 at December 31, 1966.

4. Stock options

At December 31, 1966, options for 7,680 shares of common stock were outstanding at option prices ranging from \$11.37 to \$14.14 per share or an aggregate amount of \$106,162. The options are exercisable at any time and expire as follows: 1967—5,197 shares; 1969—1,958 shares; 1971—525 shares. During 1966 options for 51,376 shares were exercised (including 39,787 shares applicable to options exercised by Gisholt employees prior to the merger) for a total consideration of \$650,231. No options were granted or cancelled in 1966.

5. Changes in capital in excess of par value

Balance at December 31, 1965 (including \$1,223,623 applicable to Gisholt Corp.)	\$ 7,297,480
Add excess of par value of Gisholt common stock outstanding at December 31, 1965 over par value of the Company common stock subsequently issued in exchange therefor	3,289,440
Adjusted balance at December 31, 1965	<u>10,586,920</u>
Add (deduct) changes during 1966:	
Proceeds in excess of par value of shares issued upon exercise of options	551,982
Excess of market value over par value of stock dividend issued by Gisholt prior to merger	714,425
Excess of conversion price of debentures over par value of shares of common stock issued less unamortized debenture expense applicable to debentures converted	49,931
Par value of shares of common stock issued in 3 for 2 stock split	(516,753)
Balance, December 31, 1966	<u>\$11,386,505</u>

6. Pension costs

Contributions to pension plans charged to income for 1966 and 1965 were \$885,000 and \$500,000, respectively. The 1966 contribution approximates current costs under the plans. The 1965 contribution approximated the current cost of the Giddings & Lewis plans. No contribution was made to the Gisholt plans in 1965 as the costs of such plans were substantially funded at December 31, 1965.

7. Subsequent sale of common stock

In February 1967 the Company sold 200,000 shares of its \$2 par value common stock in a public offering. Of the net proceeds of approximately \$5,600,000 to the Company, \$400,000 will be added to the common stock account and \$5,200,000 to capital in excess of par value.

The Board of Directors and Stockholders Giddings & Lewis Machine Tool Company

We have examined the accompanying balance sheet of Giddings & Lewis Machine Tool Company at December 31, 1966 and the related statements of income and retained earnings, and the statement of source and application of working capital for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the statements mentioned above present fairly the financial position of Giddings & Lewis Machine Tool Company at December 31, 1966 and the results of its operations and the source and application of its working capital for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Milwaukee,
Wisconsin
February 28, 1967

Arthur Young & Company

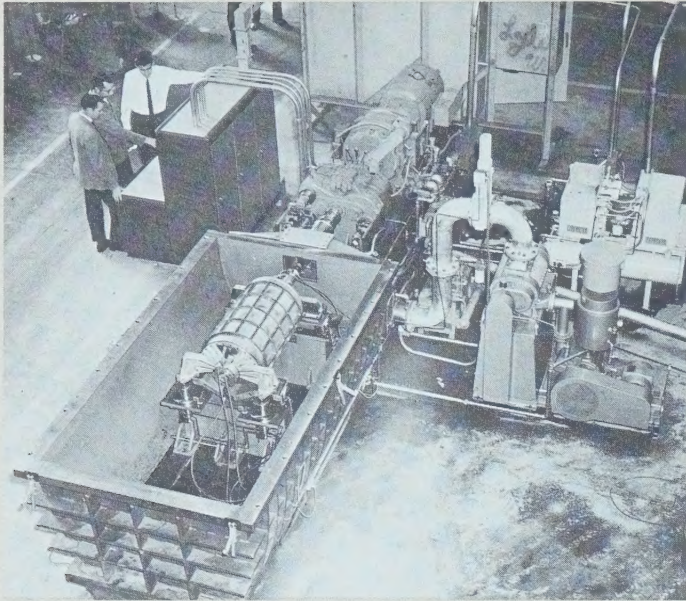
SIX-YEAR SUMMARY OF FINANCIAL DATA

(thousands of dollars)

	1966	1965	1964	1963	1962	1961
Net sales	\$79,417	\$62,428	\$52,049	\$39,914	\$37,831	\$31,012
Profit from operations	8,898	5,346	3,405	551	1,644	338
Net income (loss)	4,803	2,883	1,687	(486) ¹	629	247
Dividends (cash) ³	1,086	449	267	178	178	44
Depreciation and amortization of plant and equipment	1,823	1,543	1,471	1,475	1,503	1,422
Additions to property, plant and equipment	5,030	3,265	2,279	1,766	2,324	990
Current assets	48,282	36,808	29,597	26,189	24,631	24,956
Current liabilities	22,802	11,408	8,527	8,296	6,046	5,815
Net working capital	25,480	25,400	21,070	17,893	18,585	19,141
Net value of property, plant and equipment	13,498	10,338	8,901	8,447	8,670	7,695
Investments in 51% owned non- consolidated subsidiaries	2,910	2,730	1,815	1,902	3,036	2,908
Long-term debt	9,494	10,400	7,250	5,855	5,470	6,050
Shareholders' equity	32,729	28,456	25,776	24,392	25,056	24,605
Net income (loss) per share ²	\$ 3.82	\$ 2.42	\$ 1.42	\$ (.41)	\$.53	\$.21
Cash dividends paid per share ³	\$ 1.02	\$.60	\$.36	\$.24	\$.24	\$.06
Book value per share of stock outstanding ³	\$25.72	\$23.35	\$21.73	\$20.56	\$21.12	\$20.74
Number of shareholders at end of year	4,155	3,931	3,769	3,715	3,710	4,099

1. Due to extraordinary losses of former Gisholt foreign subsidiary and discontinuance of certain Gisholt product lines.
2. Computed on average shares outstanding adjusted where applicable for 3 for 2 stock split in 1966 and 10% stock dividend in 1964.
3. Restated to reflect where applicable 3 for 2 stock split issued in 1966 and 10% stock dividend issued in 1964. Cash dividends per share and in total do not include dividends paid by Gisholt prior to merger.

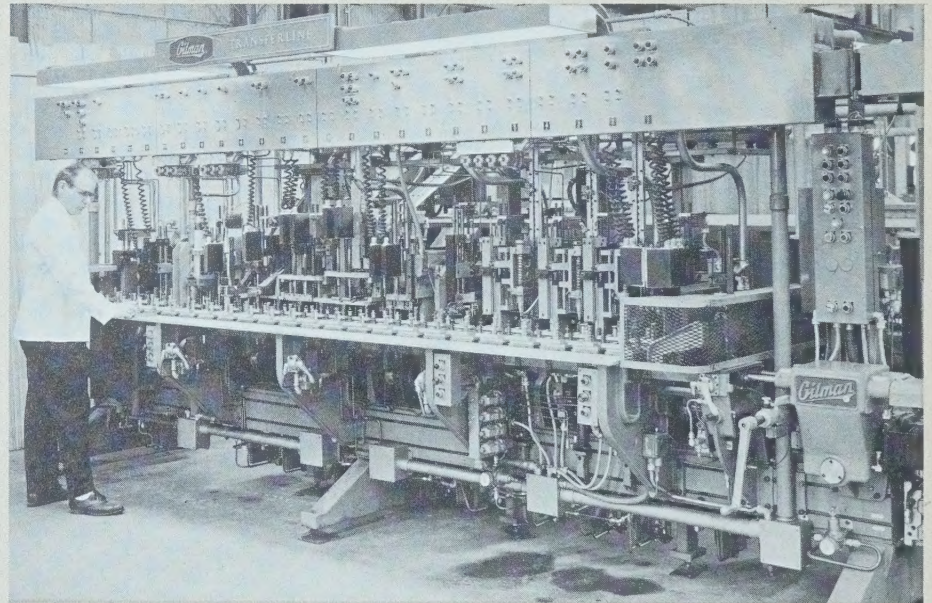
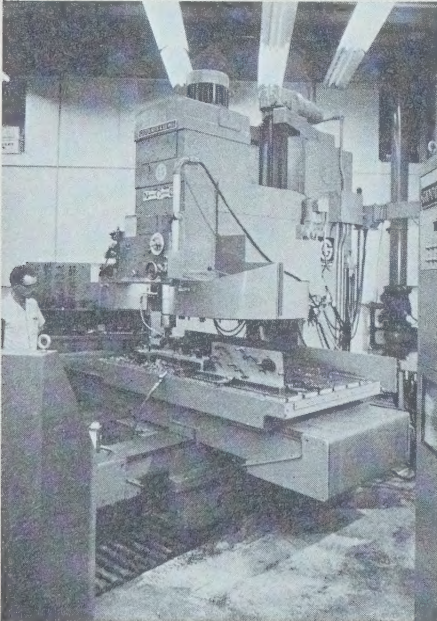
Unless otherwise noted, the above data include figures for Gisholt Corp. on a pooling of interest basis for periods prior to the merger.



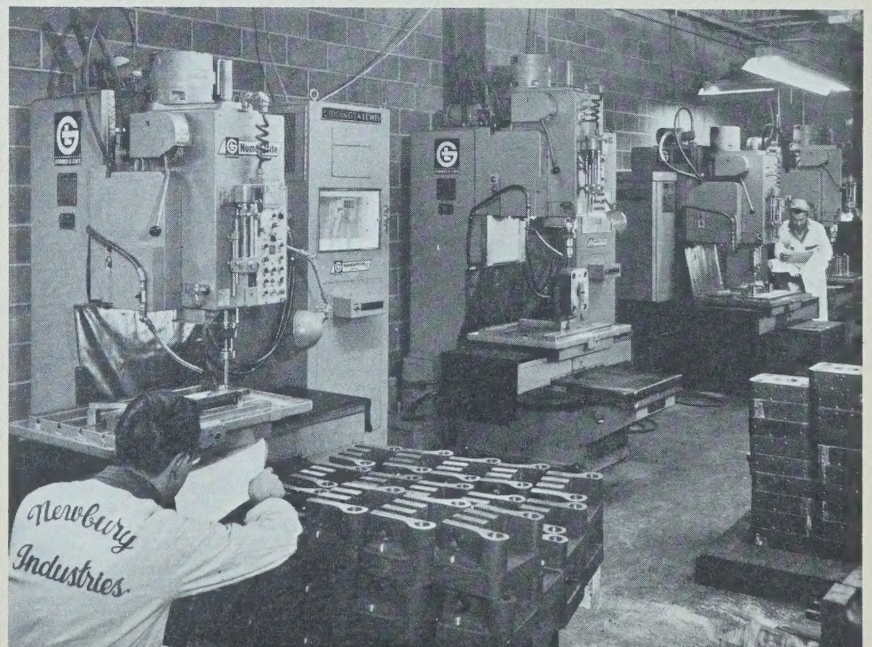
Special high-speed Gisholt jet propulsion balancer tests critical stability of jet engine rotor assemblies at speeds up to 15,000 r.p.m. The unit being tested is placed in the vacuum chamber (shown with the top cover removed) to eliminate air friction and reduce horse power necessary to rotate engine at operating revolutions.

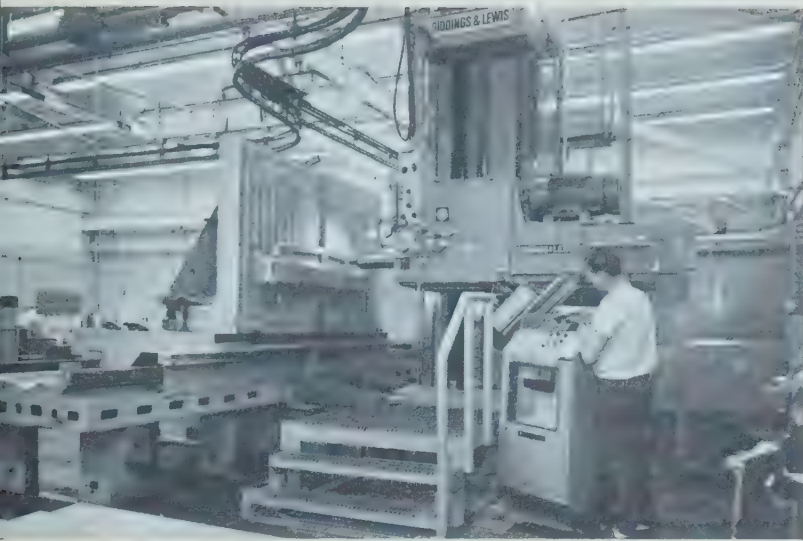
This 26-station, 6" Transferline® assembly machine, a product of the Gilman division of Gisholt, produces 1200 dual-braking assemblies per hour for an automotive manufacturer. Other Transferline machines are used extensively in the electrical, electronic and appliance industries.

Highly accurate NumeriCenter—15V numerically controlled machining center is used by Didde-Glaser, Inc., to machine complex parts for printing presses. Utilizing up to 40 separate tools in an automatic tool changer, the versatile Giddings & Lewis unit has increased production capacity of the press components by 75%.



These four NumeriMite numerically controlled drilling, tapping and boring machines replaced 11 manually operated machines and reduced production costs approximately \$100,000 per year for Newbury Industries, a large plastics molding machine manufacturing company.

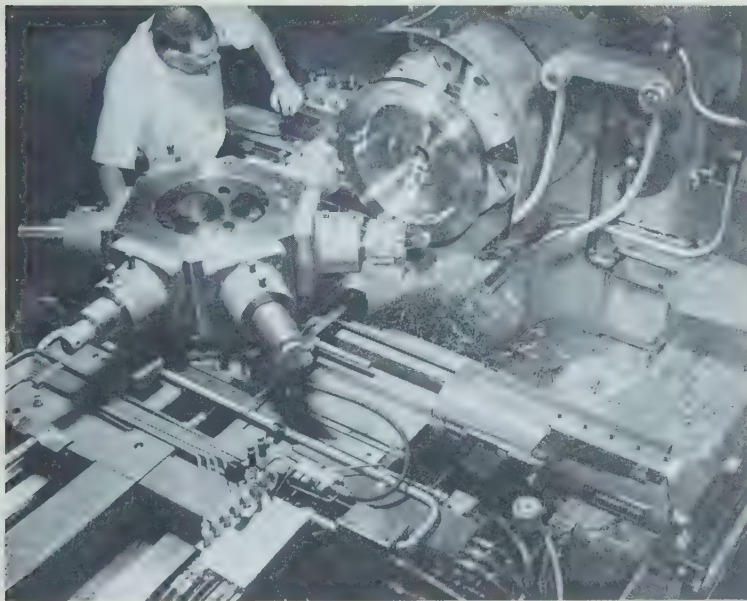




More uniform parts at lower cost are produced for Caterpillar Tractor Company on this numerically controlled Giddings & Lewis vertical turret lathe. Machine is used to produce a variety of parts, including the D7 transmission case.

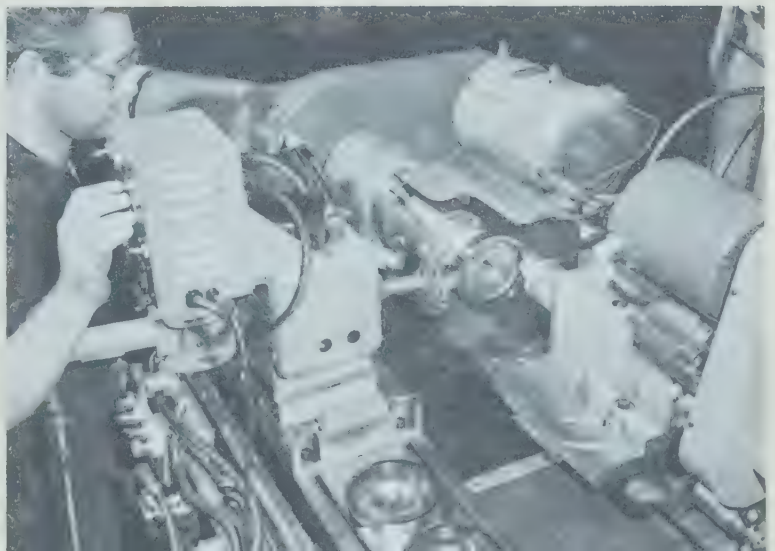


Multipurpose DiMil at the Boeing Company performs precision contour milling as well as conventional milling, drilling and boring operations on a variety of structures for aerospace applications.



A Gisholt #5 ABC Automatic Bar Chucking Machine machining a gear blank made of 8620 alloy steel. The operation includes facing, boring, reaming and co-boring turning the gear diameter shoulders and chamfering. Floor to floor time 4½ minutes.

A two axes, three directional hydraulic tracer accessory can be added to this Gisholt MASTERLINE 4L Saddle Type Turret Lathe, allowing close tolerance face or turn tracing workpieces from exotic and sometimes hard to machine materials to a wide variety of metals.



19 GIDDINGS & LEWIS PRODUCTS TO BE DISPLAYED AT A.S.T.M.E. SHOW IN CHICAGO

Trade shows in our industry constitute a significant phase of our total marketing program. This year we will participate in the American Society of Tool and Manufacturing Engineers (ASTME) Show to be held April 24-28 at the Chicago Amphitheater.

The show also will mark the public debut of the

newly designed trademark for each of our divisions and subsidiaries. These have been correlated to show the individual identity without detracting from our established Corporate image.

We cordially invite all stockholders to visit this impressive exhibit.

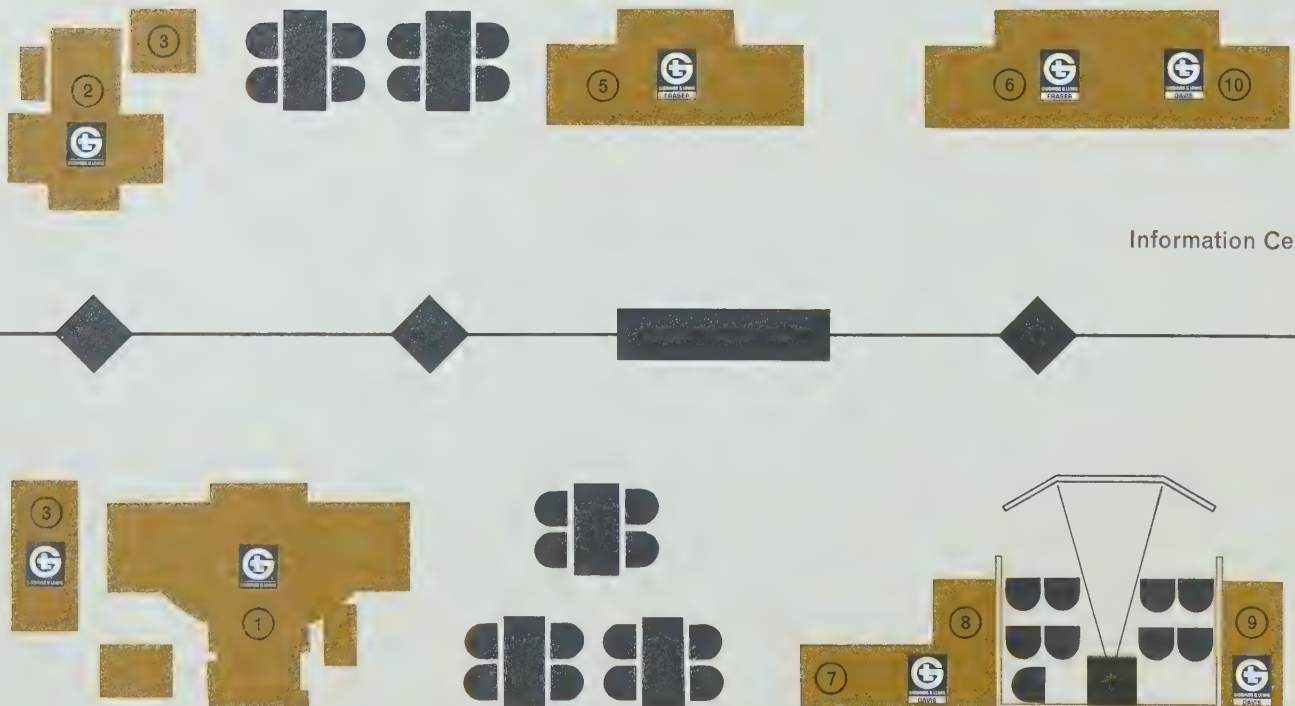
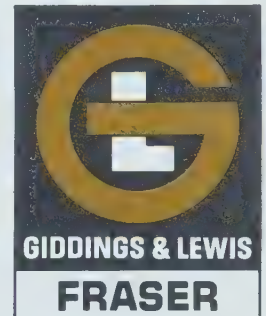


Giddings & Lewis Machine Tool Company, Fond du Lac, Wisconsin

1. NumeriCenter®-10V vertical machining center. 10-hp N/C drilling, tapping, boring and milling machine with 40-tool changer.
2. 5-hp NumeriMite® N/C drilling, tapping and boring machine. Eliminates jigs and automates short runs.
3. SS-70 Numeripoint® numerical control. Designed and built by G&L specifically for the machines to which they are applied.
4. NumeriRead® absolute readout positioning system. Provides fast automatic digital position readout to $\pm .0001''$.

Giddings & Lewis-Fraser, Ltd., Arbroath, Scotland

5. Model MC Endomatic double-end milling and centering machine. Two 10-hp milling heads, two 3-hp drilling heads. High-speed hydraulic vises.
6. Model HDB Endomatic double-end boring machine. 10-hp heads. 3-point, high-speed hydraulic vises.





**Davis Tool Company,
Fond du Lac, Wisconsin**

7. AT block-type boring tools combine lower initial cost, greater work range per bar with all the money-saving benefits of throwaway carbide inserts.

8. VTL tooling. Combines preset toolroom accuracy with instantaneous tool changing for N/C VTL's.

9. Stub bar/blocks and sets allow simple presetting without expensive gages.

10. 24" square precision rotary table. Features automatic indexing, power clamping and hydrostatic rotation.

13. Masterline No. 12 automatic production lathe. Speed up to 2145 rpm, 40 horsepower for carbides swings to 16½", rigidity or close-tolerance work.

14. Masterline Model GP 500 balancing machine. "No tooling" concept balances single workpiece on small lots with high-production convenience.

15. Masterline Model 81B automatic vertical superfinisher. For in-out conveyor systems and high-production superfinishing operations on flat, conical and spherical surfaces.

16. Masterline Model 73A improved design heavy duty, superfinishing attachment.



**Gisholt Machine Company,
Madison, Wisconsin**

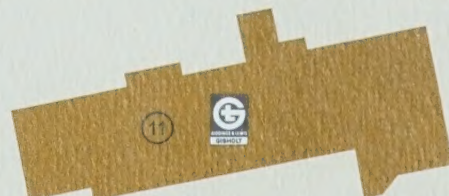
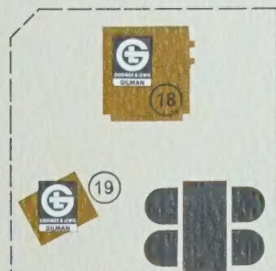
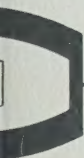
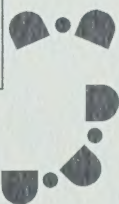
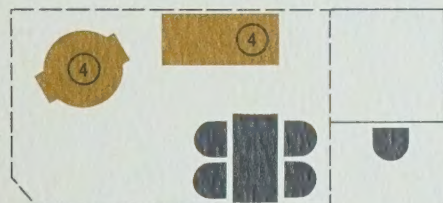
11. Masterline® No. 3L saddle turret lathe. Power and rigidity for rapid, accurate machining on chucking jobs up to 28½" swing, massive parts and heavy metal removing operations.

12. Masterline No. 5 ABC (2½") automatic bar-chucking lathe. Programmed production without the cost of tape. Built to machine both bar and chucking work.

**Gilman Engineering & Mfg. Co.,
Janesville, Wisconsin**

18. Single-station automatic assembly machine. Indexing-type machine loads 31 impeller blades in pierced shell at the rate of 105 shells (3255 blades) per hour.

19. Custom-engineered continuous assembly system (prototype). Produces up to 4000 assemblies per hour single tooled; can be multiple tooled for higher production.



GIDDINGS & LEWIS MACHINE TOOL COMPANY

OPERATING DIVISIONS, SUBSIDIARIES and ASSOCIATES

DOMESTIC

Giddings & Lewis Machine Tool Company
Fond du Lac, Wisconsin

Giddings & Lewis Bickford Machine Company
Kaukauna, Wisconsin

Giddings & Lewis Electronics Company
Fond du Lac, Wisconsin

Davis Tool Company
Fond du Lac, Wisconsin

Gisholt Machine Company
Madison, Wisconsin

Gilman Engineering & Mfg. Co.
Janesville, Wisconsin

Goldberg-Emerman Corp. (Subsidiary)
Chicago, Illinois

FOREIGN

Giddings & Lewis-Fraser, Ltd. (Subsidiary)
Arbroath, Scotland

Schiess, Aktiengesellschaft (Associate)
Dusseldorf, Germany

Nassovia Werkzeugmaschinenfabrik G.m.b.H. (Affiliate)
Langen, Germany

The Brooke Tool Manufacturing Co. Limited (Associate)
Birmingham, England

The Eagle Precision Tool Limited (Associate)
Brantford, Ontario, Canada

CORPORATE OFFICES:

Fond du Lac, Wisconsin

AUDITORS:

Arthur Young & Company, Milwaukee, Wisconsin

TRANSFER AGENT:

The First National Bank of Chicago, Chicago, Illinois

REGISTRAR:

Harris Trust and Savings Bank, Chicago, Illinois

ANNUAL SHAREHOLDERS' MEETING:

April 26, 1967

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GEORGE H. JOHNSON	<i>Director, Tucson, Arizona</i>
*RALPH J. KRAUT	<i>Chairman of the Board and Chief Executive Officer</i>
CLARE R. KUBIK	<i>President, Motch & Merryweather Machinery Co. Cleveland, Ohio</i>
EDGAR L. McFERRIN	<i>President and General Manager Gisholt Machine Company</i>
ALLAN L. McKAY	<i>President and General Manager Giddings & Lewis Machine Tool Company</i>
*JOHN A. PUELICHER	<i>President, Marshall & Ilsley Bank Milwaukee, Wisconsin</i>
*WILLIAM E. RUTZ	<i>Director, Fond du Lac, Wisconsin</i>
	<i>* Member of Executive Committee</i>

Advisory Committee to the board of directors

WILLIAM E. BUCHANAN, (chairman) president, Appleton Wire Works, Inc., Appleton, Wisconsin	
CHARLES B. LANSING, Cleveland, Ohio	• OZNI E. SCHAUER, Cincinnati, Ohio

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HARRY C. SOUKUP	<i>Executive Vice President—Giddings & Lewis Machine Tool Company</i>
CHARLES L. REICHERT	<i>Vice President and General Manager—Giddings & Lewis Bickford Machine Company</i>
HARRY E. ANKENY	<i>Vice President and General Manager—Giddings & Lewis Electronics Company</i>
EDGAR L. McFERRIN	<i>President and General Manager—Gisholt Machine Company</i>
LOUIS R. F. PREYSZ, JR.	<i>Executive Vice President—Gisholt Machine Company</i>
CHESTER C. HOLLOWAY	<i>President and General Manager—Gilman Engineering & Mfg. Co.</i>
FRED C. FREUND	<i>Vice President—Administration</i>
GEORGE J. BECKER	<i>Vice President—Finance, Secretary and Treasurer</i>

